

Message Text

LIMITED OFFICIAL USE

PAGE 01 TUNIS 03530 201523Z
ACTION NEA-10

INFO OCT-01 ISO-00 OPIC-03 EB-07 COME-00 AID-05 IO-13
/039 W

-----210408Z 104031 /14

R 201337Z MAY 77
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 6831

LIMITED OFFICIAL USE TUNIS 3530

NEA FOR AMBASSADOR MULCAHY

DEPT ALSO PASS OPIC FOR TREADWELL

E.O. 11652: N/A
TAGS: BTRA, EINV, EFIN, TS
SUBJ: VISIT OF MOTOROLA SEMICONDUCTOR PRODUCTS DELEGATION

REF: STATE 104585, TUNIS 3187

SUMMARY. GEORGE A. NEEDHAM, DIRECTOR OF MANUFACTURING SUPPORT OPERATIONS, AND LARRY E. FAIR OF MOTOROLA SEMICONDUCTOR DIVISION IN PHOENIX VISITED TUNISIA MAY 9-12 TO PURSUE POSSIBILITY OF INVESTMENT IN MAJOR SEMICONDUCTOR MANUFACTURING FACILITY HERE TO SERVE EUROPEAN MARKET IN CONJUNCTION WITH MOTOROLA'S PLANT IN TOULOUSE, FRANCE.

MOTOROLA EXECUTIVES APPRECIATED "RED CARPET" TREATMENT GIVEN THEM BY GOT AND, MORE IMPORTANT, LETTER THEY GOT FROM THE MINISTRY OF SOCIAL AFFAIRS ASSURING THEM THAT THEY WOULD BE ALLOWED TO OPERATE A THIRD (NIGHT) SHIFT WITH WOMEN WORKERS IF THEY PROVIDE DIFFERENTIAL WAGES AND TRANSPORTATION. VISITORS, WHO WERE GIVEN FRANK BRIEFING BY EMBASSY, APPEARED TO HAVE SATISFIED THEMSELVES THAT AGREEMENT WITH NATIONAL TRADE UNION (UGTT) WOULD NOT PRESENT PRACTICAL PROBLEMS FOR COMPANY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TUNIS 03530 201523Z

WHICH ADHERES TO "NON-UNION" POLICY AT PLANT LEVEL. VISITORS WERE IMPRESSED BY FREEDOM FROM FINANCIAL RED TAPE AND SHOWED STRONG INTEREST IN SPECIFICS SUCH AS POSSIBLE PLANT SITES. THEY DEPARTED FOR GENEVA MAY 12 AND, WE ASSUME, TRAVELLED ONWARD TO MOROCCO FOR SIMILAR CONSULTATIONS THIS WEEK ABOUT ALTERNATIVE PLANT SITE THERE. (END SUMMARY).

2. EMBASSY, TUNISIAN INVESTMENT PROMOTION AGENCY (API), AND UNDP ADVISOR HOEVELER COORDINATED CLOSELY ON VISIT. API AND HOEVELER GREETED MOTOROLA TEAM AT AIRPORT MAY 9, WITH HOEVELER HOSTING THEM AT DINNER THAT EVENING. FOLLOWING MORNING, MAY 10, VISITORS STARTED SCHEDULE WITH SEPARATE INTERVIEWS WITH API PRESIDENT CHELLI, PLAN MINISTER ZAAOUNI, AND ACTING MINISTER OF SOCIAL AFFAIRS, ABDELMAJID ESSEGHIR. LAST GAVE MOTOROLA COPY OF MAY 9 LETTER FROM HIMSELF TO API PRESIDENT CHELLI COMMITTING SOCIAL AFFAIRS MINISTRY TO MAKE EXCEPTION FOR MOTOROLA ALLOWING NIGHT WORK FOR WOMEN. (POUCHING COPIES TO NEA/AFN: WILKINSON AND OPIC: TREADWELL).

FOLLOWING LUNCHEON HOSTED BY API, NEEDHAM AND FAIR WERE BRIEFED BY CHARGE D'AFFAIRES KING AND E/C COUNSELOR MONTGOMERY. LATER IN AFTERNOON MOTOROLA TEAM HAD FIRST OF THREE MEETINGS WITH TOP OFFICIALS OF INDUSTRIAL LAND AGENCY (AFI).

3. ON MORNING OF MAY 11 MOTOROLA TEAM HAD INTERVIEWS WITH MINISTER OF NATIONAL ECONOMY LAZRAM, AND HABIB BOURGUIBA JR., PRESIDENT OF INDUSTRIAL DEVELOPMENT BANK (BDET). IN BOTH INTERVIEWS, NEEDHAM DISCUSSED ESSEGHIR LETTER, EXPRESSING APPRECIATION FOR INTERLOCUTORS' SUCCESSFUL EFFORTS TO RESOLVE PROBLEM OF THE THIRD SHIFT. IN MEETING WITH BOURGUIBA JR., ALSO ATTENDED BY API PRESIDENT CHELLI, NEEDHAM AND FAIR WERE PHOTOGRAPHED WITH BOURGUIBA AS HOEVELER, ACTING ON BEHALF OF FORMER OPIC PRESIDENT MARSHALL MAYS, PRESENTED BDET PRESIDENT WITH BICENTENNIAL MEDAL MARKING CLOSE PERSONAL AND INSTITUTIONAL RELATIONSHIPS BETWEEN OPIC, BDET, AND API.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TUNIS 03530 201523Z

4. MOTOROLA TEAM WAS HOSTED BY BANKER'S TRUST REPRESENTATIVE THOMAS GROSE AT INFORMAL LUNCHEON (INCLUDING HOEVELER AND MONTGOMERY), WHERE GROSE AND UNION CARBIDE REPRESENTATIVE RAFIK TORKIA CONFIRMED OPERATIONAL EASE OF FINANCIAL TRANSACTIONS IN TUNISIA UNDER SPECIAL REGIMES SUCH AS 1972 INVESTMENT LAW. IN AFTERNOON AFI PRESIDENT KALEL LADJIMI SHOWED VISITORS SPECIFIC PROPOSED INDUSTRIAL SITE SOUTH OF TUNIS AT MEGRINE, STANDARD BRANDS FACTORY AND LOW COST PRE-FAB PLANT. THAT EVENING E/C COUNSELOR MONTGOMERY HOSTED DINNER FOR MOTOROLA TEAM WHICH WAS ALSO ATTENDED BY CHARGE D'AFFAIRES, LABOR OFFICER BRAYSHAW, CHELLI AND KRICHENE OF API, AND UNDP ADVISOR HOEVELER.

5. ON MORNING OF MAY 12 MOTOROLA TEAM FURTHER PURSUED SITE AND WORK FORCE INFORMATION WITH API, AFI AND BRAYSHAW, THEN RELAXED BRIEFLY AT BAIE DES SINGES HOTEL PRIOR TO LATE AFTERNOON DEPARTURE FOR GENEVA.

6. AS DESCRIBED BY NEEDHAM TO EMBASSY OFFICERS, MOTOROLA IN-

VESTMENT, IF IT EVENTUATES, WOULD CREATE BY FAR THE LARGEST NUMBER OF NEW JOBS OF ANY INVESTMENT SO FAR UNDER 1972 LAW. IT THUS WOULD GO LONG WAY TOWARDS MOVING US TO FOREFRONT IN TUNISIAN INVESTMENT PICTURE. MOTOROLA PROJECT WOULD INITIALLY EMPLOY SOME 1,600 WORKERS (80 PERCENT FEMALE) AND PUT ABOUT \$5 MILLION ANNUALLY INTO TUNISIAN ECONOMY. INITIAL INVESTMENT WOULD BE \$6 TO \$8MILLION FOR 50,000 SQUARE FOOT AIR-CONDITIONED PRE-FABRICATED PLANT AND EQUIPMENT. MOTOROLA WOULD EXPECT TO START OPERATIONS WITH LIMITED NUMBER OF EXPATRIATES TYPE FROM TOULOUSE, RAPIDLY REDUCE NUMBER TO TEN AND HOPE TO MOVE, AS ELSEWHERE IN WORLD (MALAYSIA, KOREA, ETC), TO ALL LOCAL WORK FORCE WITHIN SIX YEARS. WITH COST-COMPETITIVE TUNISIAN PRODUCTION OF INTEGRATED CIRCUITS AND DISCRETE SEMICONDUCTORS AIR-SHIPED TO TOULOUSE THUS SAVING FREIGHT AS WELL AS DUTY NOW PAID ON GOODS FROM FAR EAST, NEEDHAM SAID WORK FORCE COULD BE EXPECTED TO RISE RAPIDLY TO 4,000 OR 5,000 MS TUNIS/TOULOUSE WOULD SUPPORT EUROPEAN SALES GROWING 20 TO 30 PERCENT ANNUALLY FROM BASE NOW APPROACHING \$200 MILLION. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 TUNIS 03530 201523Z

7. WE BELIEVE API--SCENTING POSSIBLE SUCCESS, AND WITH CONSCIOUSNESS BOTH OF MOROCCAN COMPETITION AND LESS-THAN-BEST EFFORT LAST FALL- GAVE MOTOROLA TEAM A GOOD BASIS FOR MAKING BALANCED DECISION ON ITS NORTH AFRICAN INVESTMENT.

AMBASSADOR HEDDA ALSO APPEARS TO DESERVE CREDIT FOR HELPING TO SECURE ACCEPTANCE OF THIRD SHIFT FROM MINISTRY OF SOCIAL AFFAIRS. WE DO NOT KNOW OUTCOME OF THIS "GOOD COLLEGE TRY" BUT NEEDHAM STATED HE MIGHT TELEPHONE AMBASSADOR MULCAHY BEFORE LATTER DEPARTS FROM WASHINGTON. KING

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, MEETINGS, VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TUNIS03530
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770181-0404
Format: TEL
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770532/aaaabcak.tel
Line Count: 152
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5bf5c58c-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 104585, 77 TUNIS 3187
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2425587
Secure: OPEN
Status: NATIVE
Subject: VISIT OF MOTOROLA SEMICONDUCTOR PRODUCTS DELEGATION
TAGS: BTRA, EINV, EFIN, TS, MOTOROLA, (NEEDHAM, GEORGE A), (FAIR, LARRY E)
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/5bf5c58c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009